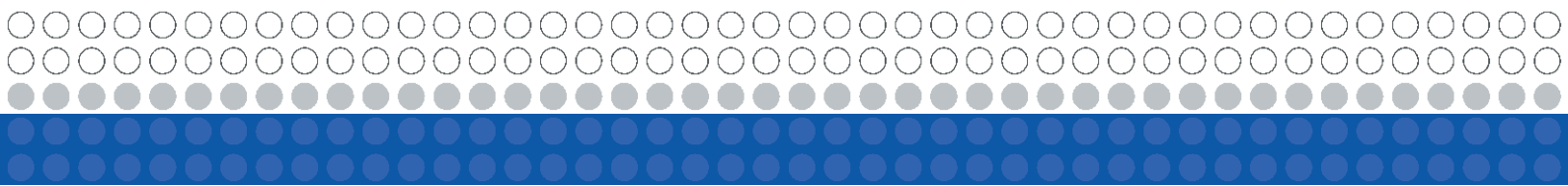




Annual Review 2008



Introduction

Organisation

APG Groep N.V. was founded on 29 February 2008 and has its roots in the pension world. APG Groep N.V. (APG Group) has three subsidiaries: APG Algemene Pensioen Groep N.V. (APG), Cordares Holding N.V. (Cordaris) and Loyalis N.V. (Loyalis). The group has offices in Heerlen, Amsterdam, New York and Hong Kong and manages pension assets of approximately 200 billion euros for over four million participants. Approximately 4000 employees are involved in this process worldwide.

The APG Group logo reflects the three stages of life: the years before the working life, the working life and life after retirement. APG Group's motto is 'Tomorrow is today'.



Services

APG Group offers tailor-made products and services in the field of pension administration and asset management for pension funds, as well as income substitution and supplementary products with an individual, semi-collective or collective character, related to collective pension schemes. APG Group's integral services are aimed at the optimum support of pension funds, employers, active participants and retired participants.

Profile

APG Algemene Pensioen Groep N.V. is a wholly-owned subsidiary of APG Group and is specialised in the administration of collective pension schemes in the public sector. Cordares Holding N.V. is a 51% subsidiary of APG Group and is specialised in the administration of collective pension schemes in the private sector, in particular the construction sector and the housing corporation sector and - as from 2010 - the cleaning sector. In addition to APG Group, the foundation Stichting SFB and a pension fund in the housing corporation sector are also shareholders of Cordares.

Loyalis N.V. is a 90 percent subsidiary of APG Group and is specialised in supplementary collective, semi-collective and individual income arrangements for employers and employees of the pension funds and in the sectors serviced by APG Group. These arrangements are aligned with the group pension schemes of these sectors. The other shareholder of Loyalis is the foundation Stichting SFB.

Mission Statement

APG Group's mission is to maintain the vitality of a collective and solidarity-based pension system, both in the Netherlands and abroad. Core values are reliability and commitment.

Annual Review 2008

General course of business

A large-scale collective pension administrator was established in 2008: APG Group. APG Group aims to strengthen the collective pension system in the Netherlands and to promote the advantages of collective pension schemes in the Netherlands and abroad. APG Group strives for a sustainable, transparent and affordable pension. The Group carries out this task based on outstanding pension administration and optimum asset management.

In addition to collective pension schemes, APG Group also administrates the arrangements for supplementary income security in the event of early retirement, occupational disability, sickness and death. These arrangements are often tailor-made solutions that are aligned with the collective pension schemes of the clients in question. The demand for these supplementary products is also determined by the developments in the 'first' and 'second' pillars: i.e. the state pension (AOW) and the collective pension scheme.

The establishment of APG Group and the merger with Cordares were the main events that dominated 2008.

Establishment of APG

APG Group was established on 29 February 2008 following the separation of policy and administration at the pension fund from which APG Group arose. Since the separation, this pension fund has outsourced the administration of pensions and the management of the pension capital for the education and government sectors to APG. To this end, the relationship between the pension fund and the administration organisation was redefined. In 2008, a

long-term contract was established for the integral administration of the pensions and the management of the pension capital for this fund. Agreements were also made regarding the procedures that are to be followed by the pension fund and by APG for the administration of the pension scheme. Besides being its largest client, the fund is also the sole shareholder of APG Group.

Merger with Cordares

The Executive Board was also occupied in 2008 with the merger with Cordares that was finalised on 1 September 2008. In exchange for Loyalis shares, Cordares Verzekeringen (Insurance) was transferred to Loyalis as a wholly-owned subsidiary. Since then, APG Group still holds 90 percent of the shares of Loyalis; the remaining 10 percent is held by the foundation Stichting SFB. A 51 percent stake was acquired in Cordares Holding, which was funded completely with long-term loans. The other shareholders are the foundation Stichting SFB and a pension fund in the housing corporation sector. The table below shows the new ownership structure in percentages of shares.



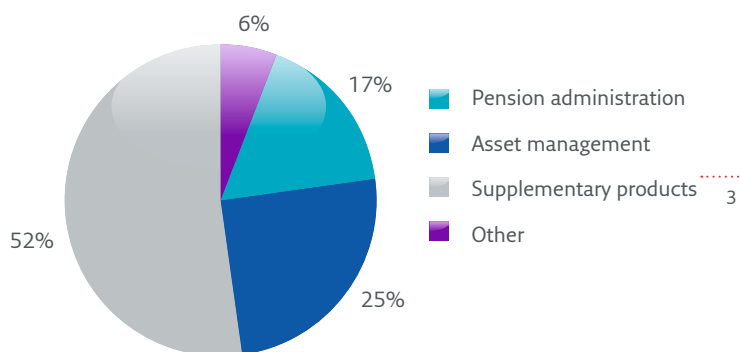
The merger between APG Group and Cordares offers various synergy advantages for the pension administration and asset management, which ultimately benefits the pension fund clients and their participants. The decision was taken to merge the asset management organisations of APG and Cordares in order to realise economies of scale. The same applies for the insurance activities of both organisations. In addition, the decision was taken to combine support and management activities through joint staff departments and shared services. Various working groups started to work on the implementation of these decisions in 2008. The pension administration operations have remained unaffected as yet in order to ensure that the integration process remains manageable and in order to be able to continue to provide optimum service to our clients.

The organisation

The merger has resulted in a large-scale pension administrator. APG Group administrates collective pension schemes, manages pension capital and provides supplementary products. In total, this concerns the pension administration for approximately four million participants and approximately 200 billion euros in assets under management at year-end 2008. In this manner, the products and services, and the many years of experience in the field of pension administration and asset management also become available for other pension funds.

APG Group provides services to clients in both the public and the private sector. Turnover in 2008 amounted to over one billion euros, of which, on an annual basis, approximately 80 percent was realised in the public sector and approximately 20 percent in the private sector, mainly in the Netherlands. This turnover includes premiums for supplementary (insurance) products.

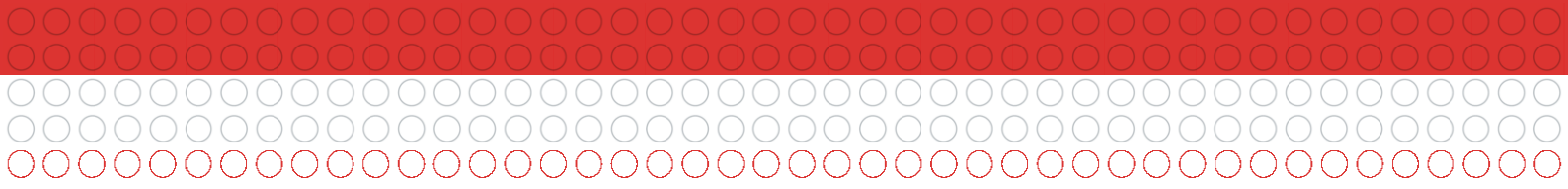
The graph below specifies the breakdown of the turnover according to product category in percentages.



Through its subsidiary Loyalis, APG Group offers a range of supplementary products to its clients. The total workforce of APG Group at the end of 2008 amounted to 3,897 FTE or 4,197 persons. Of which 103 persons worked abroad.

Market developments

APG Group is mainly active in the Dutch market for collective pension administration and asset management. This market is currently consolidating strongly on both the demand and the supply side. The number of Dutch pension funds has decreased significantly in ten years from over 1000 to 656 pension funds at the end of 2008. As a result of the increasing regulatory pressure, in particular smaller pension funds are now becoming interested in joining forces with another pension fund, in efficient administration solutions or in concluding an insured pension scheme. The supply side is changing strongly as parties seek to benefit from economies of scale.



Various administrative organisations have been established as separate entities in the past ten years and are now entering into forms of collaboration. Consequently, it is expected that the consolidation process of the Dutch market for pension administration will continue in the coming years.

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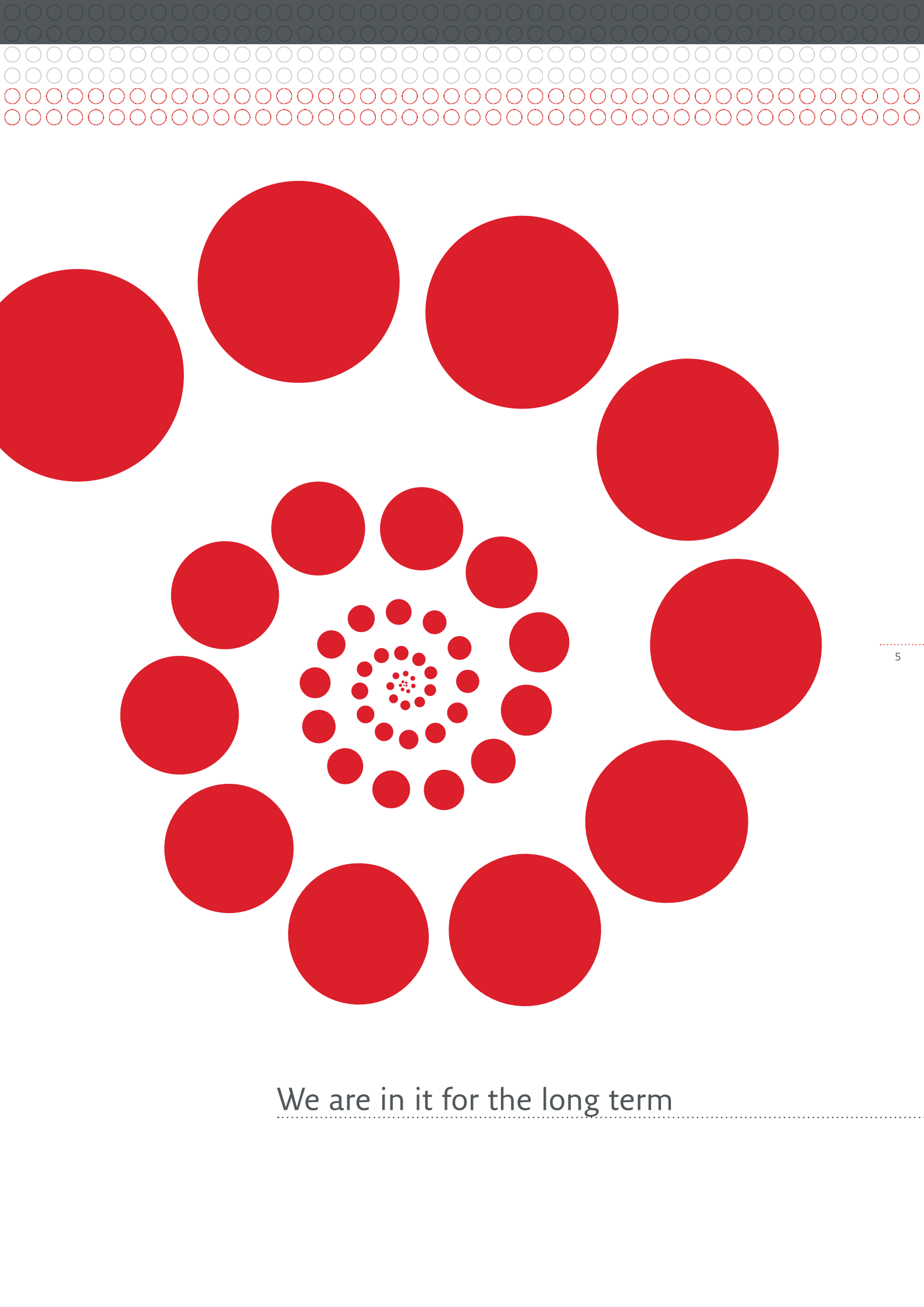
Collective pension administration was traditionally a strongly nationally-oriented sector. However, the Pension Fund Directive that was introduced by the European Commission in 2003 has created possibilities for cross-border pension activities. Since then, various parties are looking for possibilities to realise economies of scale and to share knowledge, also on an international level. In particular, multinational companies and industry sectors that employ internationally mobile employees are looking into whether concentrating pension activities is attractive. At the same time, various European governments have introduced special pension vehicles in order to make it attractive to establish pension activities within their jurisdiction.

The aim of APG Group's strategy is to broaden and strengthen the collective pension sector in the Netherlands, also by providing services to parties outside the Netherlands. The merger between APG and Cordares on 1 September 2008 has contributed to the realisation of this aim. Furthermore, two industry sector pension funds have decided to outsource the administration of their collective pension schemes to Cordares. APG Group is also examining the possibilities for the administration of international pension activities. In this context, asset management has been awarded its first mandate of € 100 million by PensPlan, an Italian pension administrator.

Financial crisis

The financial crisis and the consequences for APG Group had a prominent place on the agenda of the executive board. As from the middle of 2007, financial markets were extremely volatile. Across the board, the prices of shares, corporate bonds, collateralised bonds and real estate dropped strongly. For instance, the MSCI World index fell by nearly 40 percent in 2008 and the assets managed by APG showed a negative return of 19%. In addition to the major price fluctuations, the daily price volatility was also exceptionally high. Especially after the collapse of the merchant bank Lehman Brothers in September 2008, the unrest on the financial markets increased rapidly. As a result, the balance sheet positions of practically all financial institutions came under pressure, including the pension funds serviced by APG. The financial consequences for the operations of APG and Cordares were also noticeable; however, we were still able to conclude the year under review with a positive result in this area.

In 2008, the Executive Board also paid considerable attention to the profitability and solvability of the subsidiary Loyalis. A large part of the investment results of Loyalis are for the company's own account and are therefore important for the total result of the APG Group. Due to the financial crisis, these investment results also came under pressure. In 2008, the former shareholders paid up the shares. In addition, a subordinated loan was provided within the group. Furthermore, various measures were taken to improve the risk management.



We are in it for the long term

Key figures (x one million)	2008
Group Equity	€ 788
Total Equity	€ 4,475
Ratio equity capital / loan capital	
pension administration operations	81%
Solvency insurance operations	242%
Investments insurance operations	€ 2,652
Liabilities insurance operations	€ 2,758
Investments in tangible fixed assets	€ 8
Group profit after tax	€ -123
Breakdown of Turnover	
- Pension administration	€ 176
- Asset management	€ 258
- Supplementary products	€ 546
- Other	€ 66
Personnel	
- In full-time equivalents	3,897 FTE
- In number of persons	4,197 persons

The solvency position of both the pension administration operations and the insurance operations was adequate at the end of 2008. The equity capital of the pension administration operations was slightly lower than the loan capital, resulting in a solvency ratio¹ of 81 percent. At 242 percent, the solvency ratio of the insurance operations is considerably higher than our own internal norm of 150 percent. For that matter, these solvency ratios are not comparable as the solvency ratio of the insurance operations is calculated in accordance with the standards of the Dutch Central Bank, whereas such standards cannot be applied for the pension administration operations.

¹ The equity capital divided by the loan capital



Outlook and anticipated developments in 2009

The pension administration and asset management market is going through a consolidation phase. At the same time, market developments are dominated by the consequences of the financial crisis. As a result, there is a risk that collective pension schemes will increasingly come under pressure. This is why APG Group has the ambition to increase its offerings of services in the Netherlands and also internationally in order to strengthen the Dutch collective pension system.

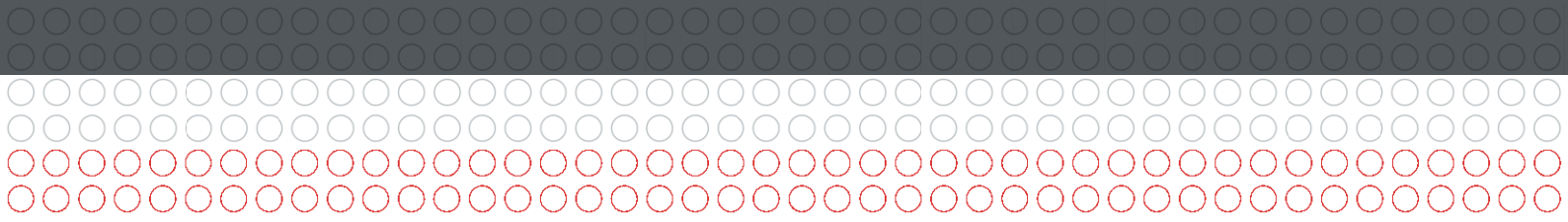
APG Group continues to actively attract new clients for pension administration and asset management based on the principal of controlled growth. At the same time, all efforts are aimed at improving the service provided to existing clients and at contributing to the financial recovery of these pension funds, including informing participants of the various pension funds that are serviced by APG about the consequences of the financial crisis for their accrued pension entitlements.

The financial crisis has strengthened the conviction of the Executive Board that the collective pension system is the best alternative. The solidarity among pension participants ensures that financial setbacks can be carried by many.

As a result, most Dutch pension funds still pay out the same amount to their retirees as they paid out last year, although unfortunately, without indexation in 2009. This motivates the Executive Board to continue to strengthen and promote the Dutch collective system.

In connection with a stronger focus on the core activities, APG Group is expanding its range of products for income supplementing security and it disposed of its reintegration (employee re-entry program) operations in the beginning of 2009. These activities were part of Loyalis. The services in the field of supplementary products are regarded as supportive of the collective pension operations.

A better return for



Corporate Social Responsibility

APG Group is a company with a social responsibility. The Group clearly demonstrates this by treating people within and outside of the company correctly, by taking the environment into account and through the services that it provides to the pension funds that it services, and, in particular, with its ambition to have all investment pools satisfy the ESG (Environment, Social and Governance) criteria. APG's commitment to society is also apparent from its chairmanship of Eumedion, which is currently held by a member of the Executive Board. Eumedion is an association of institutional investors that seeks to promote good corporate governance, mainly in the Netherlands and other European countries.

The asset management activities for pension funds play an important role in APG's socially responsible business practices. APG is of the opinion that consideration for people and the environment can go hand in hand with a good financial performance.

the world



Risk management

General

The business units of APG Group are active in two main areas:

- the administration of pension schemes on behalf of pension funds, consisting of pension administration and asset management;
- the offering of supplementary products, individual, semi-collective or collective, mainly in the field of income insurance complementary to collective pension schemes, largely for own account and risk.

APG Group's systems for risk management are directed at identifying, monitoring and managing the risks entailed in the realisation of the organisation's objectives. Risk management forms a permanent part of the steering process and is important for both the management of the APG Group and for the clients that are serviced by the APG Group.

Financial crisis

The financial crisis spread rapidly in 2008 from US mortgage bonds to most financial products and institutions causing considerable turmoil on the financial markets worldwide. As a result, the insurance operations, just as other financial institutions, were confronted with a multitude of unexpected developments: the rapidly growing gap between spreads, an increase in the correlation between various investment instruments and regions, the fall of the stock markets, the volatility of the dollar, rumours about threatening bankruptcies of well-established financial institutions that had been considered sound until 2008 and the decreasing liquidity in the various markets.

APG Group reacted to these developments by reducing the risk profile of the insurance operations in order to maintain the solvency margin above the statutory minimum. In view of the extreme situation, the decision was taken to depart from the investment plan that was applicable at that time. The risk profile was subsequently reduced by largely decreasing the exposure to mortgage bonds, hedging the downward equity risk with derivatives², further reducing the interest-rate mismatch risk³, increasing the cash position, working with more than one banker and reducing hedge fund investments. Despite the above measures, the insurance operations realised a negative investment result for 2008.

² This concerned a collar derivative strategy.

³ This is the difference in interest-rate sensitivity between the investment portfolio on the one hand and the liabilities on the other hand.

Executive Board and Supervisory Board Members

Executive Board APG Groep N.V.

Dick Sluimers, *Chief Executive Officer*
André ten Damme, *Chief Financial Officer*
Roderick Munsters, *Chief Investment Officer*
Jo van Engelen, *Chief Marketing Officer*
Adri van der Wurff, *Chief Operations Officer*

Supervisory Board APG Groep N.V.

Elco Brinkman
*Chairman, Chairman Bouwend Nederland, Vice-chairman
VNO-NCW*

Guy Verhofstadt
Vice-chairman, Minister of State - Belgium

Sjoerd van Keulen
*Chairman Stichting Holland Financial Centre, Former
Chairman of the Executive Board of SNS REAAL*

Chris van Boetzelaer MBA
*Chairman Trust/Holding Companies Compass (Bata) Group,
Member of the Supervisory Board IMC BV (until 31 July 2008),
Member of the Board of the foundation Stichting Pensioenfonds
ABP*

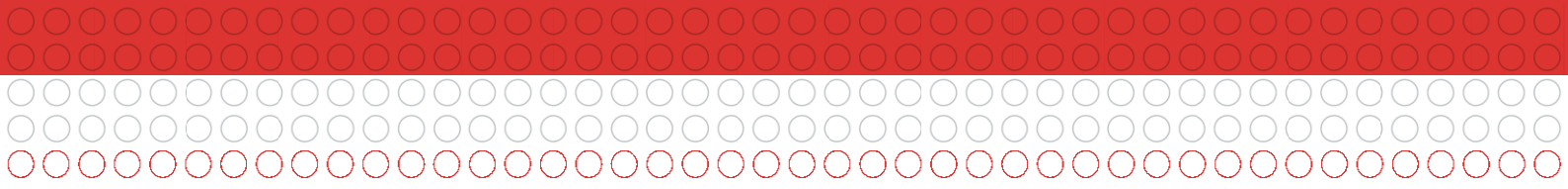
Ton Nelissen
*Chairman of the Chamber of Commerce Brabant, Eindhoven,
Former member of the Executive Board of Dura Vermeer Groep
N.V, Member of the Advisory Council of the Ministry of Public
Works.*

Rienk van Splunder
Former member of the Executive Board of CNV

Ieke van den Burg
*Former member of the European Parliament, Chairwoman of the
PvdA delegation in the social-democrat political group in the
European Parliament, Member of the Supervisory Board of ASML
Holding N.V in Veldhoven*

Paul Rosenmöller
*Programme maker and host IKON television, Member of the
Supervisory Board of Nederlandse Spoorwegen [Netherlands
Rail], Member of the Supervisory Board of Cordares (until 01-09-
2008)*

Mirjam van Praag
*Professor of Entrepreneurship and Organisation at the Economics
and Business Economics faculty, University of Amsterdam,
Director of the Amsterdam Centre for Entrepreneurship (ACE)*



More information?

You can find more information about the APG Group on the website www.apggroup.com.

Contact information

Heerlen office: Telephone: +31 (0)45 579 81 00

Amsterdam office: Telephone: +31 (0)20 583 50 17

E-Mail: concern.communicatie@apg.nl

